

**CITY COUNCIL MEETINGS OF THE CITY COUNCIL OF THE CITY OF LEON VALLEY,
TEXAS, JANUARY 20, 2009**

The City Council of the City of Leon Valley, Texas, met on the 20th day of January 2009 at 5:00 p.m. at the Leon Valley City Council Chambers, at 6400 El Verde Road, Leon Valley, Texas, for the purpose of the following business, to-wit:

SPECIAL CITY COUNCIL WORKSHOP MEETING - 5:00 p.m.

Call to order.

Mayor Riley called the meeting to order at 5:04 p.m. and asked that the minutes reflect that the following members of Council were present: Reyna, Baldrige, Dean, and Nelson. Councilman Manea arrived at 5:12 p.m..

City Manager Lambert, City Secretary Feutz, Economic Development Director Ryan and City Attorney McKamie were also present.

Discussion on the 4B Bylaws, Articles of Incorporation and Economic Development Corporation (Ryan).

Mayor Riley introduced the items for discussion stating that with the voters' approval of the 1/8 cent sales tax for economic development, the City needed to move forward with the next steps in the process. Mayor Riley also thanked members of the Citizens Neighborhood Progress Committee: Nancy Marin, Rudy Garcia, Ray Olvera, Al Uvietta, Steven Price, and Mike McCarley who were in attendance at the workshop.

City Attorney McKamie announced that there was a correction in the draft "Articles of Incorporation" in Article Four, Section (a). He stated that changes in the law require costs in excess of \$10,000 rather than the printed \$100,000 need specific approval by the Council by resolution or ordinance.

Economic Development Director Ryan provided a review of the history of the economic development sales tax issue in Leon Valley and then outlined the next steps needed to proceed with the use of 4B sales tax revenue: Articles of Incorporation decided by Council and submitted to the State for issuance of a "certificate of incorporation", Council establishes a seven-member Board of Directors (BOD) for the Economic Development Corporation (EDC), and the BOD creates the Corporation Bylaws and elects officers. Ms. Ryan explained the primary duties of the Economic Development Corporation and key article elements of the articles of incorporation that needed review.

Council discussed: how projects would be submitted to the Board of Directors, an application process to be used in selecting those on the Board of Directors, by-laws recommended by the EDC must be approved by City Council, the length of terms of office for EDC members, duties of the EDC, the dollar amount of BOD authority on projects, the type of IRS non-profit status most advantageous to the City; the purpose language in the Articles be taken from the 4B Sales Tax ballot language, whether members of the EDC must be residents of the City; whether benefits should be provided to EDC members, and incentive programs being offered by Bexar County and other cities for economic development.

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Councilmember Manea reported on the assistance given from Helotes staff in developing his new business in that city to include not collecting permit fees until the business was up and running.

Council directed the Economic Development Director and the City Attorney to return with the Articles of Incorporation for Council to review and approve that would include: the purpose of the EDC, the dollar limit of BOD authority on projects, process to be used in selecting members to serve on the BOD and EDC, staggered terms limits of the BOD members, residency requirements of EDC members, and any compensation for Directors. Council also asked Ms. Ryan and the City Attorney to research which type non-profit status should be requested of the IRS that would be most advantageous for the City.

City Attorney McKamie reminded everyone that there would be two readings of the resolution or ordinance to approve the articles of incorporation and then Council could take action after the second reading.

Adjourn.

Hearing no further business, a motion was made by Councilman Reyna, seconded by Councilman Manea, to adjourn the meeting. Mayor Riley announced the Special Meeting adjourned at 6:33 p.m.

REGULAR CITY COUNCIL MEETING - 7:00 P.M.

Call to order and Pledge of Allegiance.

Mayor Riley called the meeting to order at 7:00 p.m. and asked that the minutes reflect that the all members of Council were present: Manea, Reyna, Baldrige, Dean, and Nelson.

City Manager Lambert, City Secretary Feutz, Assistant City Secretary/HR Officer Caldera, Fire Chief Irwin, Police Chief Wallace, Economic Development Director Ryan, Community Development Director Flores, City Accountant Wallace, Assistant Public Works Director Stolz, and City Attorney McKamie were also present.

Mayor Riley asked Councilmember Nelson to lead the assembled group in the pledge of allegiance.

Citizens to be heard and time for objections to the Consent Agenda.

Mayor Riley asked Councilmembers if they wished for anything on the Consent Agenda to be removed from that agenda for further discussion. Hearing no requests, Mayor Riley then asked if anyone in the audience wished to address the Council. She announced that Agenda Item # 10 - consideration of a request from the Historical Society of Leon Valley- was not a public hearing, but comments from the public would be accepted during the time that the agenda item was considered. She stated that public comments would be limited to three minutes.

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Seeing no one come forward for the "Citizens to be heard" portion of the meeting, Mayor Riley asked for a motion to approve the following Consent Agenda items:

Consent Agenda

**Consider action to approve minutes of the Regular City Council Meeting of
January 6, 2009 (Feutz).**

**Consider approval of Quarterly Investment Report - October 1, 2008 - December
31, 2008 (Wallace).**

**Consider action on Resolution #09-002 adopting the 2009 Comprehensive Master
Plan (K. Flores).**

**Consider action on M&C # 01-03-09 with attached ordinance - a request to
approve sponsorship of the Volksmarch activity and to waive fees for use of the
Park Pavilion and to approve an associated budget adjustment to fund this
special event (Mayor Riley).**

**Consider action on a Resolution ordering a General Election in the City of Leon
Valley, Texas, to be held jointly with Bexar County, on the 9th day of May 2009,
for the purpose of election Council Place No. 1, Council Place No. 3, and Council
Place No. 5 by the qualified voters of the City of Leon Valley; authorizing the City
Manager to contract with the Bexar County Elections Administrator for the
conduct of said election, and providing details relating to the conduct of holding
the election (Feutz). *Tomar una decisión sobre una Resolución que ordena que se
lleven a cabo Elecciones Generales en la Ciudad de Leon Valley, Texas, junto con
las del Condado de Bexar, el día 9 de mayo del 2009, con el fin de que los
electores calificados de la Ciudad de Leon Valley elijan a un Concejal para el
lugar No. 1 del Concejo, lugar No. 3 del Concejo y lugar No. 5 del Concejo; y que
autoriza al Gerente Municipal a que celebre un contrato con el Administrador de
las Elecciones del Condado de Bexar para que se lleven a cabo dichas
elecciones y que proporcione los detalles con respecto a la realización de las
elecciones***

**Consider action on M&C # 1-04-08 with attached ordinance - a request to approve
a budget adjustment to the General Fund for litigation legal fee expenses (\$462)
(Lambert).**

A motion was made by Councilman Reyna, seconded by Councilmember Baldrige, to approve the Consent Agenda Items as listed above. Upon vote, Mayor Riley announced that the motion carried and all Consent Agenda items were approved.

Action Agenda

**Presentation of the FY 2008 Audit and report on audit for Trade and Market Days by
Holtman, Wagner & Company, L.L.P. and a request for Council consideration of M&C #**

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**01-05-09 - a request for approval of the Comprehensive Annual Financial Report for
Fiscal Year 2008 (P. Wagner/V. Wallace).**

City Accountant Wallace introduced auditor Pat Wagner from Holtman, Wagner & Company, L.L. P. and stated that following the presentation, Council would be asked to consider approval of the Comprehensive Annual Financial Report for FY 2008.

Auditor Wagner provided an overview of the audit of the City's financials for FY 2008 and complimented the City stating that its financial statements have been recognized as one of the best. Ms. Wagner highlighted assets and liabilities in the report and noted that the City's investments in the TX Pool were one of the safest places to be invested at this time. She stated that average monthly expenses for the City were \$551,000 and the City's reserve fund held funding which would cover about five months' of expenses. She noted that the Trade and Market Days activity pays rent for use of the City's facilities and if that amount was deducted from their annual expenses, the activity would have made \$4,300 for the City. Ms. Wagner reported that there were no difficulties in performing the audit and that the City's books were in excellent shape. She stated that the audit did again recommend the City consider implementing a formal whistle blowers policy as this has not been formally adopted in the past.

Following a brief discussion, a motion was made by Councilman Reyna, seconded by Councilmember Nelson, to approve the Comprehensive Annual Financial Report for Fiscal Year 2008 and to accept the audit. Upon vote, Mayor Riley announced that motion carried. Mayor Riley thanked Ms. Wagner, the City Accountant and City Manager for maintaining sound fiscal records for the City.

**Consider M&C # 01-06-09 with attached ordinance - a request to repeal and replace
Article 13.09 "Stormwater Management Utilities" of the Leon Valley City Code of
Ordinances, Chapter 13 "Utilities", and creating a new Article 13.09 "Stormwater
Management Utilities" and prescribing penalties of not less than five hundred (\$500.00)
or more than two thousand (\$2000.00) dollars (Stolz).**

A. Presentation by Assistant Director of Public Work Stolz

Assistant Public Works Director Stolz informed Council that the Stormwater Manager Bob Tome was unable to attend tonight's meeting; therefore, he would present the information for the public hearing. Mr. Stolz presented information on the storm water management fees system that would allow the City to work towards meeting requirements under the federal Clean Water Act. He reviewed the legal requirements for the stormwater management program fees and announced that this public hearing had been advertised as required, three times in the newspapers. Mr. Stolz stated that all property in the City, including property owned by public and tax-exempt entities, contribute to storm runoff and would pay a monthly service charge beginning January 1, 2009 to fund the storm water management programs. He provided information on the classifications of properties and the basis for the storm water management program fees. Mr. Stolz reviewed any exemptions to certain government-owned properties from the fees and presented slides illustrating monthly fees for each property classification: residential, multi-family, commercial, and public properties. He also stated that the committee reviewed fees charged by the City of San Antonio and that the fees would be

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billed thru the water billing system. Mr. Stolz stated that the City was required to operate their storm water program under the State's permit and the program was an unfunded mandate from federal law.

B. Public Hearing

Mayor Riley opened the public hearing at 7:30 p.m. and invited anyone from the audience to address Council on the issue.

Resident Mechinus, addressed Council, on behalf of the Northwest Little League (NWLL), stating that as a non-profit organization with no paid staff, the new fees would impose a significant hardship for their program. He stated that their organization is the only Little League organization in the area that is not playing on city-owned property. He stated the proposed fees for the NWLL were equivalent to the funding for about 20 kids to participate in the Little League program. The City Manager asked Mr. Stolz if the City could waive fees for the only Little League field in the City and Mr. Stolz said that City Council could vote approve that exception.

Resident Mike McCarley asked what the penalties named in this ordinance covered. Mr. Stolz answered the question stating that the penalties were for failure to pay the fees.

City Manager Lambert asked if the school districts were given waivers in San Antonio, and Mr. Stolz stated that fees are not waived for school districts in San Antonio.

After asking if anyone else wished to address Council on the subject and hearing no one else come forward, Mayor Riley closed the public hearing at 7:35 p.m.

C. Council to consider action on M&C # 01-06-09 with attached ordinance

A motion was made by Councilmember Dean, seconded by Councilman Reyna, to approve repealing and replacing Article 13.09 "Stormwater Management Utility" of the Leon Valley City Code and prescribing penalties of not less than five hundred (\$500) or more than two thousand (\$2,000) dollars. Upon vote, Mayor Riley announced the motion carried and the request was approved.

Mayor Riley recognized members of the Stormwater Management Committee in attendance at the meeting: Marcus Semmelmann and Mike Clemenson and she thanked the committee and staff for their work on the stormwater management program.

Consider action to approve a request by the Historical Society of Leon Valley to receive funding from the City's Hotel Motel Tax revenue to support the Huebner-Onion Homestead's restoration master plan and approval of the associated budget adjustment (\$30,000) (Mayor Riley).

Mayor Riley reported that in September 2008, the Historical Society of Leon Valley (HSLV) met with City Council for a workshop and at that time the Society proposed their plan for to request funding assistance from the City. She stated that because the City was about to embark on

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the AIA's SDAT program, Council did not act upon the Historical Society's request for assistance.

HSLV President Darby Riley introduced the Society's consultant, Ed Conroy, who has been working with the Society to develop a master plan for restoration of the Huebner-Onion Homestead and stagecoach stop. Mr. Riley stated that the Society was asking consideration for assistance from the City with part of the City's hotel/motel tax revenue for the restoration project by way of a contract with the City.

Mr. Conroy explained that the goal of the Historical Society of Leon Valley is the restoration of the Huebner-Onion Homestead and Stagecoach Stop as a living history museum, in tandem with operation of its surrounding, 36-acre natural area. He noted that the AIA SDAT report cited the homestead as "positive to build on" and it recommended that the historic site be incorporated into the community-wide trail system. Mr. Conroy provided a review of the homestead site's history and work done on the site in the past.. He explained that the Society requests a contract with the City to expend \$30,000 of the city's hotel/motel tax revenue to pay, in part, for a site assessment and master plan of the site. He described the Society's work in contracting with Ford, Powell, and Carson, Architects and with Main Street Architects to put together the plan but, although the Society has raised over \$121,000 to mothball the building, through private donations and donations from the San Antonio Conservation Society, and the Texas Preservation Trust Fund of the Texas Historical Commission, the Society did not reach their goals for funding the necessary site assessment and master plan. Mr. Conroy stated that the Society estimates that it will need \$500,000 - \$750,000 to renovate the building and turn the site into the living history museum. He explained that the master plan, to be prepared by the architectural firms, is key to operating a successful Capital Campaign and reviewed the Society's plans for reaching their goal.

Representatives from the San Antonio Conservation Society, the Bexar County Historical Commission and State Representative Joaquin Castro's office, and Al Uvietta from the City's Park Commission all spoke in support of the Historical Society's request for assistance from the City to complete their site assessment and proceed with their Capital Campaign.

President Riley told council that the City's support was important for a strong partnership in developing the homestead site. He thanked Council for their support thus far, but asked that the \$30,000 request be given favorable consideration.

Councilmember Nelson expressed her reservation about approving use of the hotel/motel tax revenue for this purpose because she felt that it did not meet the two-part test for expenditures of the tax moneys. She didn't felt that the use of the funds, as proposed by the HSLV, met the test that it would enhance and promote tourism and the convention and hotel industry .

City Attorney McKamie explained that the first time tax money is given, the applicant for the funds is asked to provide data that would be speculative, but the Council must determine if the project will bring hotel guests to Leon Valley.

Councilmember Dean stated that the outstanding debt on the Conference Center could be paid down with the hotel/motel funds and that action would then relieve the City of that debt.

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Councilmember Baldridge stated that the money being requested was only a small portion of the revenues and would provide a great increase in visitors to the City in the future when the project is completed.

City Accountant Wallace answered inquiries from Council regarding refinancing the balance due on the Conference Center debt and provided estimates for paying off the debt.

Mayor Riley stated that the idea of using the hotel/motel tax revenue for events such as the Volksmarch and Oktoberfest was similar to using the revenues for the Historical Society's planned living history museum. She stated that the City has a fairly low amount of debt as compared to other cities and she felt that the use of the tax revenue to bring in visitors to support economic development was a good use of the tax. Mayor Riley suggested that perhaps the city could use the funds to support both retirement of some of the debt and provide support to the HSLV.

At 8:16 p.m., Mayor Riley asked if anyone else in the audience wished to speak to Council on this issues.

Resident Marcus Semmelmann addressed Council stating that he believed in historical preservation but was not in favor of giving the HSLV the money at this time. He reminded Council of the history of the funding of the Conference Center construction and the loan history. He recommended that a kitchen be added to the conference center, feared that with the recession tax revenues may decrease, and that a maintenance fund should be kept in reserve for the building. He recommended eliminating the debt before giving away any money to others.

Resident Ray Olvera addressed Council and recommended that Council that the City not approve spending the tax money for the HSLV as he didn't see the homestead as a tax revenue generator.

Resident Nancy Marin addressed Council stating that she didn't think that the homestead was on the priority list from citizen and business suggestions for community improvements gathered by the CNPC. She spoke against the request by the HSLV for tax funds from the City.

Resident Renee Baird addressed Council saying that everyone would like to pay off debt, but she saw the \$30,000 as a jump-start for the HSLV to seek additional funding and was seen as a one-time grant from the City.

Resident Al Baldridge addressed Council in support of the HSLV's request for \$30,000 from the City's hotel/motel tax fund.

Resident Wendy Phelps asked if the hotel/motel tax funds could support the Trade and Market Days events and stated she did not support giving \$30,000 to the HSLV.

Resident Carol Poss addressed Council stating that the quality of life we leave for our children and grandchildren will be measured by what we leave in Leon Valley. She stated that the invaluable pioneer heritage from the homestead would help to educate future generations and was in support of the City helping the HSLV.

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Resident Stephen Price stated that he didn't think that the \$30,000 was too much to ask for from the City.

City Attorney McKamie explained that the money to be given to the HSLV would be in a contract with required audits and quarterly reports and with the objective to increase tourism from the HSLV's project. He also explained that if Council approved the request, then a contract would be returned to Council for an additional vote of approval. He added that no money would be appropriated until the contract was approved by Council.

Councilman Manea asked for clarification from the City Attorney as to whether there was any conflict of interest with this request from the HSLV, since most members of the Council were also members of the HSLV. City Attorney McKamie stated that if a member of Council was receiving \$2500 income a year from the HSLV or 10% of their gross income from the HSLV, then the Councilmember should recuse themselves from voting. Mr. McKamie stated that a councilmember can also voluntarily recuse themselves before a Council meeting with the City Secretary.

Following discussion, a motion was made by Councilmember Baldrige to approve the request to allow the Historical Society of Leon Valley to receive \$30,000 from the City's Hotel/Motel Tax revenue and the associated budget adjustment. The motion did not receive a second and Mayor Riley announced the motion failed.

Hearing no further requests for motion, the next agenda item was announced.

Consider action to approve request for National Stimulus Package Response from Leon Valley (Lambert).

Mr. Lambert presented a draft letter for Council for "plans ready" projects to boost the economy and provide jobs which was grouped by categories: capital improvements, infrastructure projects, energy efficiency projects, the Leon Valley Library children's wing project, the Huebner-Onion House museum project, and environmental projects.

Councilmembers discussed adding revitalization of Bandera Road business store fronts, incorporating projects recommended by the SDAT, the order of priority of projects, adding the estimated number of jobs each project could provide, when funding might be available with a push to create an economic development emphasis, and how an federally-funded economic stimulus package may benefit Leon Valley.

Citizen input suggested adding drainage system improvements recommended by the SDAT for Bandera Road and for an educational facility in Leon Valley for post-secondary education.

After discussion, a motion was made by Councilman Reyna, seconded by Councilmember Dean, to postpone action on the National Stimulus Package Response from Leon Valley to the next Regular City Council Meeting of February 3, 2009. Upon vote, Mayor Riley announced the motion carried.

Discussion Agenda

City Manager's report (Lambert).

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A. Financial Report for the Month of December 2008

Mr. Lambert reported on the revenue and expenses for the month of December 2008 for General Fund, Enterprise Fund, Community Center Funds, and the Trade and Market Days financial report. He expressed his concern over the decreasing revenue from taxes, permits, fines, and fees and reminded Council that he has ordered a freeze on all capital expenditures. He reported on decreased warrant collection revenue and on decreased water and sewer fund revenue due to decreases in connection and platting requests. Mr. Lambert also reported that the Street Maintenance Sales Tax revenue was also running a bit lower than budgeted.

B. Street Maintenance Program Review

The City Manager reported the Poss Road reconstruction project is scheduled for 2009 and project plans will be returned for Council's review and that he estimated that the Poss Road project would use all of this year's street maintenance sales tax revenue.

C. 4B Workshop Report

City Manager Lambert asked everyone to keep January 31, 2009 available for possible workshop. He explained that the City was waiting for the SDAT and AIA to announce when the final report would be ready for delivery to the City. He and Mayor Riley also gave a brief report on the earlier workshop stating that the articles of incorporation, by-laws, and the appointment process for the Economic Development Corporation members were discussed.

Citizens to be heard.

Resident and Trade and Market Days Committee Chair Nita Lange expressed her appreciation that the Trade & Market Days audit went well. She reported that the next day at 8:00 a.m. on the morning 1460 am radio talk show, the show would be hosted at Geraghty Tennis with reports from Al Uvietta on the Volksmarch plans, Rita Burnside reporting on the Earthwise Living Day, and a presentation by a Trade and Market Day vendor.

Announcements.

A. 81st Texas Legislative Session Update

Councilmember Reyna announced that the State Comptroller reported that the State would have a budget shortfall of \$2.5 billion to provide same services with today's weakened economy.

B. TML Legislative Update Sessions April 17, and June 29, 2009

Mayor Riley reminded everyone that if they want to attend either of these day-sessions, to contact the City Secretary's office so that reservations can be made.

C. EPA update and CAG meeting for January 22, 2009 at 5:30 p.m.

Mayor Riley announced that she would meet with EPA representatives on January 22, 2009 and that the public could receive an update on progress of the Superfund Site and the monitor well drilling project.

D. Update on Earthwise Living Day Event - February 28, 2009

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Mayor Riley reminded everyone of the Earthwise Living Day to be held on February 28, 2009 from 9:00 a.m. - 2:00 p.m. She stated that there would be electronics' recycling available for attendees - computers, cell phones, and televisions.

E. Volksmarch Program Report

Mayor Riley reported that she met with the Sauerkraut's to discuss entertainment for the Volksmarch to be held on March 14, 2009 during the Trade & Market Days event.

F. VIA Citizens Advisory Committee Volunteers

Mayor Riley announced that she was accepting names for nomination to the VIA Citizens Advisory Committee to serve as representatives for the Greater Bexar County Council of Cities.

G. Greater Bexar County Council of Cities (GBCCC) Update

Mayor Riley announced that Mr. Lambert would report at that meeting on his work with San Antonio's sustainability housing project.

H. SDAT/AIA Final Report Status Report

Mayor Riley announced that the City still has not received word on the final report.

I. Update on 2010 Census Meeting

Councilmember Nelson reported on her attendance at the January 14, 2009 Open House reception where she learned about who will provide support for the census work. She stated that the final document on the Census report must be on President Obama's desk by December 31, 2009. Councilmember Nelson reminded everyone of the importance of completing the census documents mailed to their homes so that the 2010 Census will be accurate.

J. Texas Commercial Real Estate Guide Cover Report

Mayor Riley announced that the City of Leon Valley was on the cover of the Texas Commercial Real Estate Guide - 2009 edition and complimented the Rose Ryan, the City's Economic Development Director for her work to promote Leon Valley. Ms. Ryan reported that the issue goes out to 68,000 real estate professionals.

K. Appreciation Announcements

Nothing to report at this time.

Adjourn.

Hearing no further business, a motion was made by Councilmember Baldrige, seconded by Councilmember Nelson, to adjourn the meeting. Hearing no objections, Mayor Riley announced the meeting adjourned at 9:53 p.m.

Chris Riley _____
Mayor

Marie Feutz, City Secretary

Approved by majority vote of City Council at the Feb. 3, 2009 Regular City Council Meeting.